

Message Text

UNCLASSIFIED

PAGE 01 TEL AV 04973 141428Z
ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 TRSE-00 AID-05
XMB-04 /034 W

-----013105 141429Z /43

P 141130Z APR 78

FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 2564

UNCLAS TEL AVIV 4973

E.O. 11652: N/A

TAGS: OPIC,IS

SUBJECT: PENDING REQUEST FOR OPIC INVESTMENT GUARANTEE BY
INTRNATIONAL PAPER COMPANY AND UNION CAMP CORPORATION FOR
THEIR INVESTMENT IN CARGAL LTD.

1. EMBASSY HAS ALREADY MADE FAVORABLE RECOMMENDATION FOR
APPROVAL OF ABOVE INSURANCE REQUEST IN ITS OM OF
DECEMBER 15, 1977 BUT WOULD LIKE TO REINFORCE ITS ORIGINAL
RECOMMENDATION.

2. CARGAL IS LARGEST U.S. PRIVATE DIRECT MANUFACTURING
INVESTMENT IN ISRAEL. PLANT BURNED DOWN IN SEPTEMBER 1977 AND
PENDING OPIC INSURANCE REQUEST IS FOR INVESTMENT NEEDED TO
REBUILD PLANT. SINCE PREVIOUS INVESTMENT WAS ALSO INSURED
BY OPIC, DISAPPROVAL OF CURRENT APPLICATION MIGHT BE
INTERPRETED BY GOI AS CHANGE OF PREVIOUS POLICY AND MIGHT HAVE
SERIOUS DETRIMENTAL EFFECT ON U.S. POSITION IN ISRAEL.
GOI WOULD PROBABLY FEEL THAT SUCH ACTION SIGNIFIES
THAT THE USG IS PULLING BACK FROM ITS PREVIOUS SUPPORT OF
ISRAEL'S ECONOMIC DEVELOPMENT.

2. ON A STRICTLY ECONOMIC FOCUS, CARGAL INVESTMENT PROVIDES
CERTAIN BENEFITS FOR BOTH U.S. AND ISRAEL ECONOMIES
THAT SHOULD BE EMPHASIZED:

A) CARGAL IS LARGEST PRODUCER OF CORRUGATED CONTAINERS

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 04973 141428Z

IN ISRAEL WHICH ARE USED MAINLY IN CITRUS FRUITS AND OTHER
AGRICULTURAL EXPORTS. LACK OF THIS PRODUCTION FORCES IMPORTS
OF CORRUGATED BOXES FROM OTHER COUNTRIES
AT HIGHER COSTS;

B) SOME CORRUGATED BOXES HAVE BEEN EXPORTED FROM ISRAEL AND
THE NEW PLANT WILL TRY TO DEVELOP FURTHER THESE EXPORTS TO
THIRD COUNTRIES;

C) MOST OF THE MACHINERY FOR THE NEW PLANT WILL BE PURCHASED FROM THE U.S.;

D) THE BULK OF THE PAPERBOARD RAW MATERIAL TO BE IMPORTED IS FROM THE U.S. WHILE THE FINISHED BOXES NOW BEING IMPORTED ARE FROM NON-U.S. SOURCES.

4. IN SUMMARY, APPROVAL BY OPIC WOULD ASSIST U.S. EXPORTS OF PAPERMAKING MACHINERY AND PAPERBOARD RAW MATERIALS AND AT THE SAME TIME ASSIST ISRAEL TO IMPROVE ITS BALANCE OF PAYMENTS WHILE MAINTAINING AN IMPORTANT U.S. DIRECT INVESTMENT IN THE INDUSTRIAL SECTOR OF ISRAEL.

LEWIS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PAPER INDUSTRY, INVESTMENT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TELAV04973
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780160-1142
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780454/aaaabtjg.tel
Line Count: 74
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 938f01b0-c288-dd11-92da-001cc4696bcc
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2959629
Secure: OPEN
Status: NATIVE
Subject: PENDING REQUEST FOR OPIC INVESTMENT GUARANTEE BY INTRNATIONAL PAPER COMPANY AND UNION CAMP CORPORATION FOR THEIR INVESTMENT IN CARGAL LTD.
TAGS: EINV, EPAP, IS, OPIC
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/938f01b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014